

These returns, as compiled for the close of 1907, show for the entire United Kingdom, an aggregate capital of £84,579,240; reserve funds, £48,389,110; deposit and note liability, £957,968,263; cash in hand and on short notice, £263,650,601; discounts and advances, £600,285,314. These aggregates include the Isle of Man, with banking resources of £923,164. The figures for the greater divisions of the United Kingdom are given above, those for Scotland representing entirely banks of issue.¹

From this extreme concentration of banking resources has arisen much controversy whether the cash kept by the Bank of England is sufficient in amount to support such a mass of credit, and whether, if it is not sufficient, larger reserves in coin should not be kept by the joint stock and private banks. The experience of three crises since the Bank Act of 1844 has given serious warning of the shock which would come to every British interest if the Bank of England should prove inadequate to support the fabric of British credit and to supply all foreign demands for gold. Mr. Bagehot fixed "the apprehension minimum," below which the bank reserve could not go without exciting alarm, at £10,000,000, and he maintained that measures to protect the reserve should begin to be taken when it dropped below £15,000,000. The reserve was gradually strengthened by the accumulation of gold and by the financial blunders of other countries until it stood in 1891 at £22,295,403; but this expansion no more than kept pace with the expansion of credit and did not diminish apprehension for the future. Mr. Goschen, the distinguished financier who has several times acted as Chancellor of the Exchequer, proposed a plan in 1891 for issuing £1 notes upon a reserve consisting of four-fifths gold and one-fifth securities. The purpose of the plan was to substitute the notes for gold in the hands of the public, and to draw the gold into the bullion reserve of the bank. Mr. Goschen proposed, if the bullion in the bank was raised by

¹ London *Bankers' Magazine*, April, 1908, LXXXV., 568.